

(PRE-FILED)

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By: **Delegate Ramirez**  
Requested: October 31, 2003  
Introduced and read first time: January 14, 2004  
Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Law - Credit Regulation - Statements of Loan Payments**  
3 **Furnished by Lenders**

4 FOR the purpose of requiring a lender who receives scheduled monthly periodic  
5 payments on more than five loans secured by an interest in real property to  
6 furnish to the borrower a certain written statement within a certain amount of  
7 time after the lender receives a written request from the borrower; authorizing  
8 the Attorney General to institute a civil action against a lender who fails to  
9 furnish to a borrower a certain written statement to recover for the State a  
10 certain penalty; providing that each failure to furnish to a borrower a certain  
11 written statement shall be considered an independent violation; and generally  
12 relating to statements of loan payments furnished by lenders to borrowers.

13 BY repealing and reenacting, with amendments,  
14 Article - Commercial Law  
15 Section 12-106  
16 Annotated Code of Maryland  
17 (2000 Replacement Volume and 2003 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article - Commercial Law**

21 12-106.

22 (a) This section does not apply to any loan:

23 (1) Described in § 12-103(e) of this subtitle; or

24 (2) Made under Title 18, Subtitle 10 of the Education Article.

25 (b) (1) Before the execution of a loan contract under this title, the lender  
26 shall furnish to the borrower a written statement which sets forth:

1 (i) The total principal amount of the loan and the total amount of  
2 finance charge as defined in the federal Truth in Lending Act to be paid, stated in  
3 dollars, except that on loans payable on demand, the total amount of finance charge  
4 to be paid shall be stated on a per diem basis;

5 (ii) The annual effective rate of simple interest charged, stated in  
6 percentage calculated to the nearest 0.2 percent; and

7 (iii) The itemized amount of payments in addition to interest  
8 payable to the lender in connection with the loan at the time the loan is made, stated  
9 in dollars.

10 (2) If the loan is made to two or more borrowers, delivery of the  
11 statement to one borrower is sufficient, but a copy of the statement shall be furnished  
12 to each other borrower.

13 (3) Paragraphs (1)(i), (ii), and (iii) of this subsection do not apply to any  
14 loan subject to the disclosure provisions of the federal Truth in Lending Act, if the  
15 lender complies with the applicable disclosure provisions of the federal act and its  
16 regulations.

17 (4) A statement that complies with the applicable disclosure provisions  
18 of the federal Truth in Lending Act is sufficient to meet the requirements of this title.

19 (c) At least annually and[, on request of the borrower, at any other reasonable  
20 time or interval] WITHIN 48 HOURS AFTER A LENDER RECEIVES A WRITTEN  
21 REQUEST FROM A BORROWER OR BORROWER'S AUTHORIZED REPRESENTATIVE, a  
22 lender who receives scheduled monthly periodic payments on more than five loans  
23 secured by an interest in real property shall furnish to the borrower a written  
24 statement informing the borrower of the amount of:

25 (1) Payments credited to reducing the principal;

26 (2) Payments credited to interest as defined in this subtitle; and

27 (3) The remaining unpaid principal balance.

28 (D) (1) THE ATTORNEY GENERAL MAY INSTITUTE A CIVIL ACTION AGAINST  
29 A LENDER, WHO FAILS TO FURNISH TO A BORROWER OR BORROWER'S AUTHORIZE  
30 REPRESENTATIVE THE WRITTEN STATEMENT REQUIRED UNDER SUBSECTION (C) OF  
31 THIS SECTION, TO RECOVER FOR THE STATE A PENALTY NOT TO EXCEED \$1,000 FOR  
32 EACH VIOLATION.

33 (2) FOR THE PURPOSES OF THIS SUBSECTION, EACH FAILURE TO  
34 FURNISH TO A BORROWER THE WRITTEN STATEMENT REQUIRED UNDER  
35 SUBSECTION (C) OF THIS SECTION SHALL BE CONSIDERED AN INDEPENDENT  
36 VIOLATION.

37 (3) THE BORROWER SHALL BE ENTITLED TO CLAIM ACTUAL DAMAGES  
38 IT SUFFERS, INCLUDING REASONABLE ATTORNEYS' FEES, FOR THE LENDER'S

1 FAILURE TO TIMELY PROVIDE THE WRITTEN STATEMENT REQUIRED UNDER  
2 SUBSECTION (C) OF THIS SECTION.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4 October 1, 2004.